Digitized by the Internet Archive
in 2007 with funding from
Microsoft Corporation

http://www.archive.org/details/memorialofnorvin00westrich

MEMORIAL

— OF —

NORVIN GREEN, President

— OF THE —

WESTERN UNION TELEGRAPH COMPANY,

TO THE CONGRESS OF THE UNITED STATES,

Remonstrating against the passage of the Bill for the Establishment of a Government System of Postal Telegraph.

JANUARY 23, 1888.

NEW YORK:
THE JAMES KEMPSTER PRINTING CO.,
56 Cedar Street.

1888.

MEMORIAL

OF

Norvin Green, Pres't of the Western Union Telegraph Company,

REMONSTRATING AGAINST THE PASSAGE OF THE BILL FOR THE ESTABLISHMENT OF A GOVERNMENT SYSTEM OF POSTAL TELEGRAPHY.

The Senate and House of Representatives of the United States Congress:

Your memorialist, the Western Union Telegraph Company, a corporation existing under the laws of the State of New York, and entitled by an act of Congress, July 24, 1866, to maintain and operate lines of telegraph on all post-roads throughout the United States, most respectfully begs to remonstrate against the onerous, unjust, and oppressive legislation proposed in each of the several bills to establish a Government telegraph, which have been presented to Congress during the present session, which threaten the destruction of its property, great damage to all, and ruin to many of its numerous stockholders.

Your petitioner humbly asks to submit for your earnest consideration some of the reasons which impel it, as in duty bound as trustee for its shareholders, to this remonstrance, and without elaborate argument.

First.—Has Congress power under the Constitution to establish a postal or Government telegraph?

The power of Congress to establish a system of postal telegraphy is claimed to be derived from the grant in section 8 of Article I of the Federal Constitution, "to establish post-offices and post-roads." Judge Story's history and commentaries on the reports, debates, and adoption of that clause show how reluctantly the last words, "and post-roads" were added by a majority of only one in a vote of States, how closely the meaning of the words were scanned, and how rigidly it was intended they should be interpreted. Can a telegraph line with any reasonable construction be held to be a post-road? A railroad might much more

easily be held to be a post-road, as it now constitutes the channels over which the mails are carried. But it would be a great stretch of language to hold that post-roads were intended to cover telegraph lines.

But the Supreme Court (96 U. S., 1) holds that the telegraph is an instrument of commerce and its business is commerce itself; and further holds, that the power of Congress over the telegraph is derived from another grant in the same section of the Constitution, "To regulate commerce with foreign nations and among the several States and with Indian tribes." Now, if the telegraph be interstate commerce, it can not be postal service; and the power to regulate commerce does not mean the power of Government to go into commercial business on its own account. Is the Supreme Court likely to reverse that decision, and hold that it is a postal service and not commerce? But this decision was only in respect to interstate telegraphy. No question of telegraph service within a State has ever been passed upon by that tribunal. But a distinguished jurist now on the bench, who was no less an able lawyer when he was Postmaster-General, in an annual report recommending the adoption of a postal telegraph, said:

> A telegraph company, in the transaction of so much of its business as is confined within the limits of a State, is beyond the reach of Congress. Can the Government establish and carry on a commercial business within a State?

Further questions of constitutional authority may well be raised on the proposed enactment to condemn and take real property, or easements thereon, within the States, and without authority of State laws; and denying the right of owners to have the value and damages assessed by a jury, and compel them to go long distances to the Court of Claims at Washington for a final adjudication of their rights.

Second.—Is there a necessity for a Government telegraph?

(*a*) There is no such telegraph service rendered anywhere in the world as the Government of the United States and the patrons of the telegraph in this country are now enjoying. The truth of this declaration your petitioner is confident of being able to demonstrate in its broadest sense to any fair-minded committee of Congress by the experience of nine out of ten of the citizens of this country who have traveled, and had occasion to use telegraphs under government control in any and all of the countries of Europe. Messages are more uniformly transmitted and delivered with prompt dispatch, and there are not only fewer delays, but far less percentage of "bulls" or errors in the copies delivered than in any other country. Complaints of the very unsatisfactory service may be read in most, if not all, of the newspapers published in any of the countries of Europe; and almost every traveller who returns from a European tour utters denunciation of their telegraph service. Mr. James McLean, the news agent of the New York Associated Press

in London, who has the experience of many years as a professional news-gatherer, writes his employers here as follows :

> The telegraph communication between France and England is disgracefully bad. It is an actual fact that London merchants send their messages to Havre by way of New York, and they reach Havre quicker than if wired from London to Havre direct.

(*b*) In respect to the privacy of the service, your petitioner challenges the most rigid investigation. It would not be surprising that out of a great many thousand operators who are obliged to handle messages there would occasionally be one so insensible of the honor of his profession as to give away or sell the contents of a message. But it is, on the other hand, agreeably surprising how very rarely that happens. Less than half a dozen times in the history of the company has it occurred that some operator, for his own profit, has given to some partner in speculation the contents of market quotations. Such corruption is easily detected, and the men promptly discharged in disgrace. In the very few instances of supposed betrayal of the sanctity of other messages which have been complained of, it has always been ascertained and demonstrated that the contents of messages were made known through other channels than those of the employés of your petitioner. As to the imputation that any one man has or may have access to private messages intrusted to the custody of your petitioner, it is not only totally without foundation, but so absurd and ridiculous to every one familiar with the business as scarcely to be worth the denial.

(*c*) The rates of tolls are as low as can be afforded consistent with a prompt and exacting service. The system of Great Britain, which is generally conceded as the best of the Government systems of telegraph, comprises 29,895 miles of lines carrying 173,539 miles of wire and cables in a compact system of a well cleared and densely populated country, having an entire area in the United Kingdom of 121,000 square miles, and the most distant offices separated by less than 600 miles, with 6,514 public telegraph offices. Their salaries to operators and other employés average about one-half of those paid in this country, and they do a business on this compact system amounting to 50,243,639 messages per annum. To handle about the same number of messages, the telegraph companies in this country have to construct, equip, maintain, operate, and employ 176,000 miles of line and 630,000 miles of wire and cables, and over 17,000 offices.

The rate over the system of Great Britain was reduced about two years ago from one shilling (25 cents) for 20 words, to 6 pence (12 cents) for 12 words, counting address and signature, and half penny (1 cent) for each additional word. The rate of 25 cents for 10 words, with date, address, and signature free, covers a larger area on the lines of your petitioner, than is covered by the entire British system ; and a large percentage of messages sent over the lines of your petitioner, with addresses,

including titles, streets, and numbers, and signatures often with title, and address, would, if computed at the present British post-office rates amount to more than that which is charged by your petitioner, of 25 cents for 10 body words, with date, address, and signature free, notwithstanding the larger salaries paid and lesser amount of messages handled in that area by your petitioner.

(*d*) Your petitioner begs to protest that the clamor raised against it by a portion of the population as an oppressive monopoly is without foundation in fact. It has no exclusive legislative franchise or privileges, and its patent rights are no longer so broad or elementary as to prohibit other parties from doing telegraph business, though not by all of its improved methods. The field is open to every one who chooses to enter it, and several companies reaching and connecting the principal commercial centers are now competing with it. It is no more a monopoly than a large manufactory or other large business, which, by long establishment, great energy, and superior skill, has won the confidence and good will of the public, is enabled to meet promptly the wants of all its customers, and thus outstrip and overshadow weaker competitors. It may be considered an established maxim in business that the aggregation of capital into large enterprises cheapens production and promotes the public welfare. The consolidation and aggregation of railroads into long lines has, within a few years, reduced the rate of freight between the commercial centers of the West and those of the East more than one-half, as the concentration of capital into large manufacturing establishments has so reduced the cost of production as to leave no margin of profit to the smaller ones. In like manner, and to a much greater degree, has the consolidation of telegraph companies into one large company reduced the cost of the service and cheapened the rate to the public. It requires no argument to prove that one company can handle 1,000 messages per day between New York and Washington at less cost than two companies, with separate organizations, separate offices and separate employés, can handle 500 messages each. The savings of office rents alone would pay a profit on the service at a reduced rate to the public, whilst there are other and material savings in the duplicate organizations, executive management, and operating and clerical force ; and just in proportion as the area of consolidation is extended is the saving of cost increased. It is this and the increased facilities which has enabled the reductions to the public which *have followed every absorption of a considerable property.*

The properties and franchises of your petitioner include those of not less than forty, and perhaps as many as sixty, original telegraph companies. Each of the larger companies absorbed by your petitioner had previously absorbed a number of small companies. Thirty years ago a message from Portland, Me., to New Orleans, by way of Pitts-

burgh and Cincinnati (which was the most expeditious route), had to pass over the lines of six different telegraph companies, by each of which it was detained for booking and retransmission, and the rate for ten words was about $4. A message from Portland, Me., to Portland, Oregon, passed over the lines of eight or ten companies, with similar detentions, and the aggregate rate for ten words was $16.50. In neither cases were answers ever expected the same day. The improvement in the service by reason of consolidations has been as marked and progressive from year to year as the constant reduction in rates following each important consolidation.

It does not require an expert to demonstrate the economies of aggregated and concerted capital into a large telegraph enterprise. The proposition that one telegraph company can do the service of the country cheaper than two or a number, and that the public get the benefit thereof in reduced rates, if it does not demonstrate itself, is fully proven by the following table, showing in the last two columns the average cost of handling messages and the average rate charged the public therefor, year by year, from 1868 to 1887, inclusive; and the large reductions which have followed every large increase in the mileage of lines, number of offices, and the number of messages handled, as shown in the first four columns of the table.

THE WESTERN UNION TELEGRAPH COMPANY.

The following table exhibits the mileage of lines operated, number of offices, number of messages sent, receipts, expenses, profits, and average tolls and cost per message for each year since 1866.

Year.	Miles of poles and cables.	Miles of wire.	Officers.	Messages.	Receipts.	Expenses.	Profits.	Average tolls per message.	Average cost to company of message.
1866....	37,380	75,686	2,250						
1867....	40,270	85,291	2,565	5,879,282	$6,568,925.36	$3,944,005.63	$2,624,919.73		
1868....	50,183	97,594	3,219	6,404,595	7,004,560.19	4,362,849.32	2,641,710.87	104.7	63.4
1869....	52,099	104,584	3,607	7,934,933	7,316,918.30	4,568,116.85	2,748,801.45	89.3	54.2
1870....	54,109	112,191	3,972	9,157,646	7,138,737.96	4,910,772.42	2,227,965.54	75.5	51.2
1871....	56,032	121,151	4,606	10,646,077	7,637,448.85	5,104,787.19	2,532,661.66	69.5	45.7
1872....	62,033	137,190	5,237	12,444,499	8,457,095.77	5,666,863.16	2,790,232.61	66.2	43.8
1873....	65,757	154,472	5,740	14,456,832	9,333,018.51	6,575,055.82	2,757,962.69	62.5	43.4
1874....	71,585	175,735	6,188	16,329,256	9,262,653.98	6,755,733.83	2,506,920.15	54.9	39.5
1875....	72,833	179,496	6,565	17,153,710	9,564,574.60	6,335,414.77	3,229,157.83	54.0	35.2
1876....	73,532	183,832	7,072	18,729,567	10,034,983.66	6,635,473.69	3,399,509.97	50.9	33.5
1877....	76,955	194,323	7,500	21,158,941	9 812,352.61	6,672,224.94	3,140,127.67	43.6	29.8
1878....	81,002	206,202	8,014	23,918,894	9,861,355.23	6,309,812.53	3,551,542.70	38.9	25.0
1879....	82,987	211,566	8,534	25,070,106	10,960,640.46	6,160,200.37	4,800,440.09	38.6	25 2
1880....	85,645	233,534	9,077	29,215,509	12,782,894.53	6,948,956.74	5,833,937.79	38.5	25.4
1881....	110,340	327,171	10,737	32,500.000	14,393,543.85	8,485,264.13	5,908,279.72	38.4	25.6
1882....	131,060	374,368	12,068	38,842,247	17,114,165.92	9,996,095.92	7,118,070.00	38.2	25.8
1883....	144,294	432,726	12,917	41,181,177	19,454,902.98	11,794,553.40	7,660,349.58	38.0	26.0
1884....	145,037	450,571	13,761	42,076,226	19,632,939.60	13,022,503.90	6,610,435.70	36.5	25.2
1885....	147,500	462,283	14,184	42,096,583	17,706,833.71	12,005,909.58	5,700,924.13	32.1	24.9
1886....	151,832	489,607	15,142	43,289,807	16,298,638.55	12,378,783.42	3,919,855.13	31.3	23.4
1887....	156,814	524,741	15,658	47,394,530	17,191,909.95	13,154,628.54	4,037,281.41	30.4	23.0

It will be observed that the average cost of each message to the public in 1868, after large reductions had already been made, was $1.04\frac{7}{10}$, and the average cost to the company for receiving, transmitting, and delivering it was 63.4 cents, paying a profit of 43.1 cents per message. The rate of tolls and the cost of handling were reduced year by year until 1878, when the rate to the public was 38.3 cents per message, and the cost to the Company of 25 cents per message, leaving 13.3 cents per message profit. From 1878 to 1883, there were but slight changes either in the average tolls or average cost, the cost to the company having increased about one cent, on account of its expensive effort to improve the service, and the tolls being reduced about one cent in the five years. From 1883 to 1887, the rates to the public were reduced every year until they reached an average during the last fiscal year of 30.4 cents per message, whilst the cost of handling messages was reduced from 26 to 23 cents each ; so that the profit to the company averaged but 7.4 cents per message. Whilst the profit on handling messages has been reduced from 41 cents in 1868 to 7.4 cents in 1887, the number of messages has increased from 6,404,595 in 1868 to 47,394,530 in 1887. *The average tolls charged to the public in* 1887 (30.4 *cents*) *were less than half of what it cost the company to handle the messages in* 1868.

Could there be a clearer demonstration of the economies of the service and the benefits to the public by the aggregation of capital into one large enterprise ?

Of course, to handle this enormously increased business, the mileage of wires has increased from 85,291 in 1867 to 524,641 at the close of the last fiscal year, June 30, 1887, and the number of offices from 2,565 to 15,658 within the twenty years.

(*e*) If the rates of tolls, as shown by your petitioner, are as low as they can be reasonably afforded, to give even a moderate return to the capital invested—lower in the general average than ever before in this country, and being constantly and steadily reduced as increased facilities and improved methods can enable such reductions ; if the fact of the consolidations of a large proportion of telegraphs into one company has been to cheapen the rates of the service ; and if that service be found the best average anywhere in the universe—then what suffering or hardship to the general public demands that the Government should construct or acquire and operate at great cost a system of telegraphs at rates that must make a large annual deficit, to be met by funds drawn from the people by taxation ? Not more than 2 per cent. of the entire population of this country ever use the telegraph in any one year, and not more than 5 per cent. of the messages transmitted are of a family and social character, and this percentage of that class of business was not perceptibly increased by the 10 and 15 cent competing rates which were in operation for several years between certain points, and which rates, it

can be clearly demonstrated, did not pay the cost of the service. From 8 to 10 per cent. of the business is for newspapers, and is done in this country at less than the British post-office rates for like service ; more than 85 per cent. of the business is commercial and speculative, and done by a comparatively few large operators and speculators in the great commercial centers. Shall 60,000,000 people be taxed to meet the deficit of a cheap telegraph service to less than 1,000,000 people, 85 per cent. in amount of whose business is done by larger commercial operators and speculators ?

(*f*) Your petitioner respectfully assumes that there is no such danger of treasonable plots or seditious combinations threatening the existence of our republican form of Government, as to render it a necessity from political or military considerations that the Government in this country should own and control the telegraph. It is generally understood that such were the considerations that controlled the policy of most of the Governments of Europe in taking the business of telegraph into their own hands, and in many of them, from the same considerations, a rigid espionage is kept over messages passing over the wires. Even in England, the most liberal of monarchical governments, dynamiters and plotters against the enforcement of the laws are repeatedly being detected by messages passing over the wires. The espionage goes so far as to decipher the most ingenious code messages, that, from their date, address, or signature, appear to have any suspicion attached to them. Would the people of this country be reconciled to a Government censorship over their messages ? And how long would the Government have the telegraph until such a censorship, by the voluntary contributions of subordinates in aid of their employés, would naturally creep into the administration in heated political contests ?

Third.—Is it expedient and will it promote the interests of the Government or of the public to have the Government own and operate the telegraph ?

(*a*) Will the service be any better or even so well performed ? Are Government officials more vigilant and watchful over subordinate employés, and are subordinates in Government employ more active and energetic, more courteous, polite, and obliging than those conducting a private enterprise ? Such is not the observation and experience of the public generally, except as to those officials who are indirectly indebted to the people whom they serve for their positions.

(*b*) Will the secrecy and the impartiality of the service be any more rigidly enforced ? Your petitioner has anticipated the answer in a preceding paragraph, and begs again to challenge the most rigid scrutiny and investigation into the integrity of its administration and the sanctity of messages intrusted to its customers ?

(*c*) Will the Government be responsible in damages for errors and delays in its service; and if any liability is provided, will the parties so damaged have redress in the courts of their vicinage and by a jury of their peers? What remedy or redress will the Government provide for sufferers from personal injury or damage to property by falling poles and neglected wires across railways or in the public highways?

These accidents and delinquencies of service will happen under the most careful administration, and your petitioner is held under the laws of the States to the most rigid accountability for every injury, loss, or damage resulting from the negligence or incompetency of its employés, even down to its messenger-boys, and these responsibilities aggregate an expense to your petitioner of between $100,000 and $200,000 annually.

(*d*) But whilst the Government will not likely be able to perform the service at any less cost than that to your petitioner, it can, if it chooses, make a lower rate to its customers, a rate much below the cost to the Government of the service, as it does in the postal service, if it chooses to tax the many to give a cheap telegraph service to the few, and that few to the extent of more than 95 per cent. of the business, who are much more able to pay for their own service than the many who will be so taxed to pay for it.

The British post-office telegraph department, considered the best and most nearly satisfactory of the government systems, in a well-cleared densely populated country, with a compact system, embracing 29,895 miles of lines and 173,539 miles of wire conductors, with the most distant offices separate from each other less than 600 miles, having only 6,514 public telegraph offices, doing a business over that compact system of 50,243,639 messages, and with the benefit of free rents in the post-offices, made a deficit the last fiscal year of £469,840, equal to $2,349,200.

Your petitioner handled last year 47,349,530 messages (about 3,000,000 less than the number handled by the British post-office system), and to handle a less business it had to maintain and operate 156,814 miles of lines, 524,641 miles of wire, and 15,658 offices. These figures, as to mileage of lines and wires and number of offices and of messages sent, are those of your petitioner alone, for the last fiscal year. Those previously given were an estimate of the entire mileage of lines and wires, number of offices, and number of messages sent, in this country. Can it be expected that your petitioner could maintain over five times as many miles of line, over three times as many miles of wire, two and one-half times as many telegraph offices, covering an area twenty-five times as great, involving a largely increased number of operators, instruments, and equipments, at double the rates of the salaries; and afford a telegraph service at as low rates as those of the British post-

office system? The extreme distances at which messages are transmitted over the lines of your petitioner are eight times as great as the longest distances they are transmitted in the United Kingdom, involving numerous relays or repeated writings, and yet, as an illustration of the cost of Government management, the average cost of handling messages over the lines of the British post-office system appears to be about the same as the average cost to this company, notwithstanding their great advantages and lower salaries, whilst after deducting the amounts received for rent of private wires the average yield was about 17.2 cents per message, making a loss to the Government of 6.1 cents per message.

(*e*) If the Government should acquire all the existing telegraphs and have the exclusive business of telegraphy, operating the lines under Government management and at Government expense, and charging for the service at the rates specified in one or more of the bills before your committee, the annual deficit would undoubtedly range anywhere between five and ten millions of dollars. If the lines were required to be extended to even a majority of the post-offices, the present number of telegraph offices would be duplicated by offices that could not pay anything like the cost of their maintenance, and the annual deficit would certainly reach $10,000,000. It is impossible, in the very nature of the case, that Government management can so vigilantly keep down the growing expenditures of a large business which will naturally absorb more than the revenues of any large business if not carefully watched and restrained.

If the Government should construct a system of telegraphs of its own, to be operated at Government expense, in competition with existing enterprises, it would not only destroy the value of existing properties, but its own losses or deficits would be greatly increased, for it would have to incur substantially the same expense, and only be able to command a moiety of the business.

(*f*) The question of whether the Government shall make the telegraph the entering wedge of a general system of commercial business, and what would be the effect of so large an increase, if not a duplication, of office-holders, or of persons in the employ of and drawing salaries or wages directly from the Government, are questions to be seriously considered; but they are so essentially political, that every one must consider and decide them for himself. It may be worthy of suggestion, however, that if the Government must go into this kind of business, there are many articles of far more general use and consumption, which, if taken hold of and furnished at a cheap and uniform rate to the masses, would afford vastly more general relief to the public. Coal, a product of the earth, and unmined a part of the eminent domain, is essential to the preservation of life, and an absolute necessity to twenty times as many people as ever need to use the telegraph.

Fourth.—But if the Government must adopt the telegraph, and Congress shall decide that it can legally and will do so, then it manifestly should, and is bound in good faith, to take over existing telegraph properties, and do the business exclusively as it does the postal service.

To build an additional system with Government money, to be operated at greater loss in competition with and to the destruction of existing properties, is a monstrous outrage on private property, which it is the duty of all governments to protect. It is the worst conceivable form of confiscation. In all the countries of Europe that have adopted the telegraph, they took over and paid for existing properties, and a most ample and just provision for taking existing properties and determining their value is already provided by law. By Act of Congress of July, 1866, entitled "An act to aid in the construction of telegraph lines, and to secure to the Government the use of the same for postal, military, and other purposes," in section 3 may be found the following:

Provided, however, That the United States may at any time after the expiration of five years from the date of the passage of this act, for postal, military, or other purposes, purchase all the telegraph lines, property, and effects of all of said companies at an appraised value to be ascertained by five competent disinterested persons, two of whom shall be selected by the Postmaster-General of the United States, two by the company interested, and one by the four so previously selected.

Substantially all of the telegraph companies then in existence, and which have come into existence since the passage of that act, have duly and formally by resolutions of their boards of directors, ratified by their stockholders, certified under the seal of the company, and filed with the Secretary of State, accepted the provisions of that act. Having accepted the provisions of that act, the telegraph companies have bound themselves to surrender their property whenever the Government by act of Congress shall decide to take it.

Under the provisions of that act and its implied compact for protection against Government competition, more than seven-eighths of the existing telegraph properties have been constructed and acquired. Your petitioner has increased its property more than 125,000 miles of line and more than 500,000 miles of wire, and has expended in its plant more than $55,500,000 since the enactment of that law, though much of the increase has been by the absorption of companies whose properties had been created under the supposed protection afforded by that act, and other telegraph companies now in existence have invested their capital and created their entire properties since the enactment of that law. Under the provisions of that act the Government of the United States has enjoyed its benefits in the preferential transmission of its messages at rates fixed by the Postmaster-General, for nearly twenty-two years, the rates for the greater part of such service being less than half

the regular rates for commercial messages, much of it done at an absolute loss to the companies, and saving to the Government, since the passage of that act, not less than $2,500,000 from what the Government would have had to pay but for the acceptance by the companies of the provisions of that law.

The Government compels the telegraph companies under that law to surrender their properties, and has fixed a just and fair method of determining their value; it enjoys the benefits of preferential transmission of its messages, and a greatly reduced rate of tolls for twenty-two years, and pockets a saving of $2,500,000; and now, should it elect to adopt the telegraph, is it not bound in good faith to take the properties and in the manner provided? The telegraph companies have, at great cost, kept their part of the compact, and is the Government, after enjoying its benefits and advantages, not bound, in good faith, to keep its implied, if not stipulated, obligations under the laws? The policy which has been proclaimed—to first break down the value of existing properties, that the Government may buy them at their own price—would be outrageously oppressive and unworthy the dignity of the Government. The Czar of Russia would not dare adopt so unjust a policy to a large class of his subjects.

Your petitioner has no desire to sell its property. It prefers to keep it subject to any fair and reasonable obligation of law, but not of Government competition setting out to do business at a loss.

Fifth.—A few additional questions about which there have been such wild and reckless assumptions and statements proclaimed as to establish erroneous impressions in the public mind, your petitioner would beg leave to correct.

(*a*) As to the value of telegraph properties. Some of the estimates proclaimed and published as to the total value of the property of your petitioner would fall far short of being sufficient to pay the cost of its 600,000 miles of wire in the factory, whilst the poles and other appliances, it is well known, are a very much greater part of the cost than the wire. As already stated, your petitioner has expended over $55,500,000 in the construction and purchase of new and additional properties during the last twenty years, and obtained therefor the full money value of the expenditure, and is prepared to demonstrate that its entire properties could not be duplicated for the amount of its capitalization, if, indeed, it could be duplicated at all. The new lines and extensions constructed directly by the company during the last twenty years, at a cost of over $30,000,000 in cash expenditures, could not have been created by any other parties not having the benefit of free transportation and labor under its numerous railroad contracts, for less than 50 per cent. above that sum.

(*b*) Another popular error repeatedly proclaimed is, that the company is owned and controlled by one person. No one person, and no one family, own or ever have owned anything approximating a controlling interest in the capital stock of the company, or of its bonded obligations. The entire board of thirty directors, though nearly all ranking amongst the largest capitalists of the country, own and hold in the aggregate, both personally and fiduciary, less than three-eighths of the capital stock of the company. More than five-eighths is held by about three thousand stockholders, residing in more than half the States of the Union.

THE WESTERN UNION TELEGRAPH COMPANY,

By NORVIN GREEN,
President.

U.C. BERKELEY LIBRARIES
C035649333